

Minutes\*

**Faculty Consultative Committee**  
**Monday, July 20, 2009**  
**1:15 – 3:00**  
**238A Morrill Hall**

Present: Marti Hope Gonzales (chair), Melissa Anderson, Nancy Carpenter, Chris Cramer, Shawn Curley, Janet Fitzakerley, Walt Jacobs, Russell Luepker, Judith Martin, Jan McCulloch, Michael Oakes

Absent: None counted for a summer meeting

Guests: Senior Vice President Frank Cerra

Other: none

[In these minutes: (1) committee business; (2) discussion with Senior Vice President Cerra]

**1. Committee Business**

Professor Gonzales convened the meeting at 1:15 and began by noting that the Committee needed to formulate questions to guide the discussion of guests at the retreat in late August. Committee members developed a set of questions for the non-AHC deans and for Vice President Himle (Institutional Relations). The questions for the deans focused on consultation on the compacts and cost pools, the budget situation next year and in 2012 (the "budget cliff") and beyond, and programs colleges are implementing to retain and enhance graduation in order to make tuition increases more palatable to the public. The questions for Vice President Himle focused on the importance of internal communication when people are making sacrifices, Institutional Relations priorities, branding and logos, and system-wide communication.

Professor Curley commented that internal communication should be an aspect of Vice President Himle's portfolio that becomes obsolete. People should be able to communicate without a vice-presidential office necessary to oversee the process. It is a failing of the institution that there is need for an office to oversee communication because that is something people should do on their own. The other question, he said, is whether and how much internal communication has improved since Vice President Himle took office.

The Committee approved unanimously a bylaw amendment for the Faculty Senate docket.

Professor Durfee raised a question earlier about the possible use of the new football stadium for an all-University graduation ceremony or celebration. Professor Martin suggested having a conversation with the individuals working on the opening of the stadium. Professor Luepker inquired what other uses can be made of the stadium beyond the seven home football games; Professor Martin noted that there are conference facilities in the building that can be used by other groups. Professor Carpenter commented

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that the use of all-University funds for a graduation celebration that did not include the coordinate campuses could be a problem, and Committee members expressed doubt whether coordinate campus faculty and students would be likely to travel to such an event. Professor Gonzales agreed it might be helpful to have someone talk about the possible uses of the stadium. Senior Vice President Cerra, who had joined the meeting at this point, said he would speak loudly against an all-University graduation ceremony but agreed that a celebratory event might be worth considering.

Committee members also took a look at the list of high-priority issues for the year, prepared by Professors Gonzales and Oakes (please note the issues are not listed in any priority):

1. Health-Care Savings Plan
2. Reviews of Vice Presidents
3. AHC Reorganization
4. Budget Issues/Institutional Breadth/the 2012 "budget cliff"
5. E-Education
6. Succession Planning
7. Graduate School issues

Committee members suggested adding an update on the Wave I college mergers and including the budget for interdisciplinary research with discussion of Graduate School issues. The composition of a presidential search-advisory committee was also discussed.

## **2. Discussion with Senior Vice President Cerra**

Professor Gonzales invited Dr. Cerra to the table following the stadium discussion and asked for an update on the reorganization of the Academic Health Center (AHC)/Medical School and to discuss any other issues he thought important.

Dr. Cerra began with the AHC reorganization. He has concluded that one person cannot be both Senior Vice President for the Health Sciences and Dean of the Medical School—there is too much to do and there are inherent conflicts of interest. So he has taken a different approach, and provided an organizational chart to illustrate his point. The approach separates the executive from the operational functions of a dean and a dean's office and builds a high-performance team in the Executive Vice Dean and the Vice Deans. The Senior Vice President will hold the title of Dean, but will perform decanal functions in the areas of policies, politics, philanthropy, planning, and strategic decisions, and compacts and budgets, as part of a strategic-operations group in the Medical School. The Senior Vice President will participate in a similar group for the AHC as a whole, as has been the operational model. The Executive Vice Dean of the Medical School will also be its COO, the operations officer, and Dr. Mark Paller has been appointed to that position. As an example, once the planning and budget have been settled, most decisions are then operational and will be carried out by Dr. Paller.

The individual who serves as Senior Vice President and Dean has two organizations for which he or she will be responsible, the AHC as a whole and the Medical School. Each has its own organizational chart and structure. In the case of the Senior Vice President responsibilities, the deans of the AHC colleges report to him/her, as do five assistant/associate vice presidents. In the case of the decanal responsibilities, only the Executive Vice Dean reports to the Senior Vice President; the basic science and clinical department heads report to the Executive Vice Dean, as do the five vice/associate deans. In terms

of the Vice Dean for Clinical Affairs and CEO of University of Minnesota Physicians (UMP), Dr. Cerra noted that 40% of the Medical School budget comes from UMP, so if UMP does well, so does the Medical School—and if UMP does not do well, neither does the Medical School. One can question whether the Medical School should be so dependent on clinical revenues from UMP, Dr. Cerra commented, but there are a large number of questions related to the health-care system that one can ask.

The Medical School is so complex that he has established three vice-dean positions (for education, research, and clinical services) and distributed authority between them and the Executive Vice Dean. There will also be a Senior Associate Dean for the Duluth Campus, which offers a learning track focused on rural health. Operationally, most day-to-day decisions happen at the vice-dean level, with the executive vice dean available for decision-making when needed. When items arise that the dean needs to participate in, the dean participates. This requires a great team effort and good communication.

As he looked at the Senior Vice President's and the dean's structures, he saw a lot of duplication, Dr. Cerra said. Given the sensitivities about funding, and the amount of work on peoples' plates, he brought in an outside consulting group that works primarily with academic medical centers and asked them to consider what work needs to be done and to map out how to do it in the most efficient way. The AHC, in turn, will make hires in light of the recommendations. They have eliminated a considerable number of positions, Dr. Cerra said, and after about six months expect to see about \$3 million in recurring savings, money that will stay in the Medical School. When everything is completed with information technology, human resources, and finance, there will be a common platform for all the AHC schools to work from in order to make the best decisions (e.g., about centralizing versus decentralizing). The rule is that if a unit saves money, that money stays in the unit.

Professor Martin asked about the possible duplication of duties between the Medical School vice dean for education and the AHC assistant vice president for education. Dr. Cerra said there is none: the vice dean handles accreditation, curriculum, "electronification" of medical education, student services, and so on. The assistant vice president works with programs that happen among the schools, e.g., interprofessional education, educational services such as simulation centers, affiliation agreements, and AHC-level promotion and tenure.

Dr. Cerra said that he and Dean-Emeritus Powell have agreed that she will serve as Associate Vice President for New Models of Medical Education. She has a lot of expertise in the field and is a national leader; she will be well-supported in her work. She is also chair of the board of the AAMC and is well-known to the various medical accrediting bodies (the AHC has 180 accreditation visits over a three-year period). Dr. Powell will work on a new model of medical education that is huge project; she will prepare a report to him which will then go through the normal approval process. She will also work on getting basic science back into the curriculum of fourth-year medical students, who will be able to take modules for areas of interest to them, and will work on issues related to critical-care practice and principles to be taught.

Professor Martin asked if there will be a different timeline for the new model of medical education. There will be, Dr. Cerra said—it will be shorter and less costly.

Dr. Cerra summarized by saying that the reorganization had been heavily vetted by the President, the AHC FCC, the deans council, chairs, and a transition advisory group, and people were very engaged in the process. There are additional issues on which he intends to focus: updating the AHC strategic plan

(what the AHC must do to move ahead) and develop a new economic model. The Medical School, the AHC, and the entire University all need one, and developing them will be a challenge. Any model must acknowledge the likelihood that the chance of the state funds coming back to their previous levels in the next three or four years is nearly nil. When tuition revenue exceeds state support, the question is how the University manages its finances for growth. It has to maximize all revenue streams, it has to examine its infrastructure to see what changes are required and what skills are needed, and there probably will be more people than jobs when the process is completed.

Dr. Cerra touched on a number of other points.

-- Clinical revenue is important to the Medical School, Dr. Cerra noted again, and also to Veterinary Medicine. It is becoming increasingly important in Nursing, Dentistry, and Pharmacy as well. The AHC is well-positioned to take advantage of this interdisciplinarity, but it could go further and leverage Psychology and the social-service departments to help develop care-delivery models.

-- If one thinks about the current health-care delivery system, Dr. Cerra reflected, it is measured in work units and is volume-based. That will go away, he said, and the income margin for each work unit is dropping fast, and while profitability equaled volume in the past, that is increasingly no longer true.

-- There are about 290 contracts between UMP and Fairview and the numbers are growing—there are layers of agreements. If the University wants to do more research, it needs different systems. Right now there are three organizations (the University, UMP, and Fairview), requiring 3 policies and 3 compensation systems—and that entity can't compete and realize the potential value in the partnership with Fairview in the market. So they are developing an integrated-care model and looking across the system, including all the hospitals with the Fairview Health Services. They want all patients to receive the same quality of care and move to where they can receive appropriate treatment, so the doctors in one area of medicine will manage the service across the system (e.g., cardiology). They will have staff help and there will be metrics. It will be an integrated health system that will have core values and mission: (1) support the academic mission; (2) increase the quality of care, (3) increase the number of clinical trials, and (4) reduce the per-capital cost of care.

Professor Martin inquired what effect this would have on Fairview expenses. They are building a new health system from the ground up, Dr. Cerra said, where hospitals and clinics will not be separate but rather part of one service line that will be judged by quality, satisfaction, and the per-capital cost of care. It will need its own Board and CEO. The three boards that govern the three organizations have indicated they like the proposal and have asked for a business model to be developed by September.

In three to five years, will doctors be compensated on the wellness of their patients, not sickness, Professor Martin then asked. In part, Dr. Cerra said, plus on the expected outcome—the evaluation will be severity-adjusted and the health status of the population for which the doctor is responsible will also probably be part of the basis for compensation. The financial model must shift to accomplish that change: now it is based on volume, while the new incentives will be efficiency and quality of outcomes and the per-capita cost of care.

Do the doctors support this plan, Professor Martin asked. Not all, Dr. Cerra said. Some incomes will go up, others will go down, but most see the train coming down the track. They will start by looking at function, not structure, which will allow more flexibility on the structure.

Professor Anderson asked if this is connected with federal funds and the Clinical and Translational Science Award (CTSA). It is, Dr. Cerra said, and he explained the relationship, including the corridors of research that are represented by the five new buildings in the Biomedical Discovery District and the University's capacity to do clinical research. He also explained that the University has twice sought, but not received, a CTSA, but said he is confident it will receive one after making up the deficiencies that NIH had identified in the previous applications. Dr. Cerra also briefly touched on progress in development of the Biomedical Discovery District. They have agreed on the financial model to populate the new buildings with researchers.

Professor Fitzakerley asked how the Medical School planned to address the increased demand for primary-care physicians. Dr. Cerra said he hoped the legislature would take up a primary-care bill that has been held over. There is need for more primary-care physicians, together with more nurse-clinicians and clinical pharmacists in primary care. In order to get more doctors interested in primary care, they want to use a pipeline program that moves students from high school, supports them in their undergraduate work, and then provides scholarships so they do not incur a lot of debt if they move into primary care in medical school and practice in under-served areas. This includes developing the Duluth program as a gateway to rural health-care delivery.

Professor Fitzakerley asked if there would be any more savings beyond the \$3 million from the reorganization that Dr. Cerra mentioned earlier in the meeting. Dr. Cerra said they have looked at what is underneath each of the vice presidents and vice deans and are going through each piece; he said he expects there will be more efficiencies and enhancements. That process will take six to twelve months but there will be more savings.

Professor McCulloch inquired if chronic-disease management is in the plans. It is, Dr. Cerra said, and will be part of area health-education centers, the Rural Physicians Associate program, and network training sites for health professionals. If they are to do more with diseases such as multiple sclerosis, Alzheimer's, and Parkinson's, they will not get far without psychology and social services fields, he added. These pieces are being built into the strategic directions.

The question of conflict-of-interest in the reporting structure arose. While possible, the internal controls are being put into place to manage the risk. One such internal control provides details of the work plan for which he will be held accountable, Dr. Cerra said, and that will include what the other deans think of his performance. He said he and the President have had long talks about it. It is not possible to eliminate conflict of interest in the education hierarchy but total transparency in decision-making is one way to combat it.

Professor Oakes noted that the Committee has a list of priority issues it wishes to deal with during the upcoming year. At the top are the 2012 "budget cliff" and succession planning. As Dr. Cerra contemplates moving on, and the President's term comes to an end whenever it does, and the Governor's office changes, there will be a lot of change that coincides with the budget crisis. Have they talked about this situation? They started three years ago because they could see it coming, Dr. Cerra responded. There will be a major transition—and if it does not go well, there will be big problems for the University. It is entirely appropriate to raise the question.

Dr. Cerra said he could see the institution going down one of two paths. One, hire a new leader, rely on his or her vision and ability to get moving in the direction of success. With respect to relationship with Fairview, this would be a problem because there would be too much ramp-up time and it would be too risky. The future of the Medical School is tied up in the partnership between Fairview and the University. The second option, one he decided on long ago, is that in some areas the University needs to hire experts, key people with track records who can create a high-performance team. That is what he has done and there is little he knows that they do not know. One builds succession around the team and the established and agreed-on strategic directions and priorities. The new leader is then hired within this context and takes the next steps, reshaping what needs to be in order to achieve success. Academic credentials will be critical; they must be tenured and have the academic respect of the faculty. Everything else is soft—the fit, whether or not the individual is a team player, and so on. The model puts a lot of pressure on his successor, something he has talked with the President about. Key stakeholders must be involved in the selection process.

Professor Luepker said that Dr. Cerra has talked about taking a hard look at performance and envisioning major changes, but there is no preconceived endpoint. How will they know when they are successful? They will know if they are doing what the strategic plan envisions because it has been turned into a work plan with metrics. They will also know what the complaints are. He will keep his ears to the ground to learn what is working and what is not, and will spend a lot of time with people discussing the changes. He said he believes the right checks and balances are in place. Dr. Cerra also said that in two or three years there must be an external review.

Professor Gonzales thanked Dr. Cerra for joining the meeting and adjourned it at 3:10.

-- Gary Engstrand

University of Minnesota